



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** MARCH 31, 2021

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of the Monthly Financial Report for the Period Ending February 28, 2021.

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**ISSUE:** Receipt of the Monthly Financial Report for the Period Ending February 28, 2021.

**RECOMMENDATION:** That City Council receive the Monthly Financial Report.

**BACKGROUND:** The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

**REVENUES**

As of February 28, 2021, General Fund revenues collected equaled \$465.4 million, an increase of \$37.8 million or 8.8 percent more than the revenues collected at the same time in FY 2020. In November 2020, the City refunded existing debt to generate a savings of debt service of approximately \$1.0 million. For comparison purposes, without the \$49.9 million in refinanced bond proceeds, total revenue in FY 2021 is \$415.5 million, which is \$12.1 million less than FY 2020, or a 2.8 percent decrease.

At this time in FY 2021, the City's total revenue collection is not noticeably different than the COVID-19 impacted revenues that were projected for the first seven months of the current fiscal year. Revenues with considerable declines are being partially offset with additional revenues in other categories. The FY 2022 Proposed Operating Budget included a comprehensive forecast of the FY 2021 General Fund Revenues which is reflected in Attachment 1, column C.1.

Personal Property tax revenues are showing a significant decline compared to FY 2020. Staff has not utilized the City's third-party collection firm to pursue delinquent taxes considering the stark economic situation for

many households. As approved by Council, the personal property due date was delayed from October 5 to December 15 this year, so this later due date is also impacting collections. Notices have been mailed alerting individuals about their delinquent status and encouraging them to reach out to the Finance Department to arrange a payment plan if needed. It is also important to note that the total personal property levy, or taxes billed in

FY 2021 (tax year 2020) is 4.6 percent lower than last year's levy. As noted at the Revenue budget work session in mid-February, a combination of fewer cars on the tax rolls and fewer new cars being purchased and added to the tax rolls has had a negative impact on the tax level in FY 2021.

The development and subsequent revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be longer than projected last Spring, and revenues will be less than currently budgeted. Currently staff does not anticipate any other significant changes in the rate of collection or payment in any of the City's revenue categories.

Sales tax revenue is consistent with receipts from December 2020. This is due in large part to a surge in internet-based sales, which are captured in Sales tax revenue at a much greater rate than in previous years. December sales tax receipts reflect holiday spending. Compared to FY 2020, December 2020 Sales tax revenue is 3.9 percent higher than December 2019 revenue. Through six months, total revenues are up in this category by 0.6 percent compared to the first six months of FY 2020. As expected, based on decreased travel and restaurant trends, Meals Sales tax revenue is 19.2 percent lower and Transient Lodging tax is 64.9 percent lower than this period last year. That said, FY 2021 revenues are projected to total 99% of revenue estimates budgeted a year ago as the pandemic started.

Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals. Attachment 3 provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest earnings on invested City cash being significantly lower than prior years due to market conditions causing lower revenue from City cash balances. Lower interest rates were anticipated, and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. Permits and Licenses are over \$2.5 million more than receipts in February 2020 due to the collection of past due invoices for Temporary Parking permits by a utility company. Recordation tax revenues have increased 23.9 percent due to residential sales and refinancing as well as the sale of the Southern Towers multi-family portfolio.

### **COVID IMPACT AND AMERICAN RECOVERY PLAN**

The chart in Attachment 3 show the cumulative impact that the pandemic has had on consumer taxes. In aggregate, the impact on the City's revenue since February is a loss of revenue of \$18.1 million. The most significant decline is in Transient Lodging tax revenue, which is down 67.6 percent since February or a loss of \$9.0 million in the past eleven months. Losses in Meals Sales Tax revenue are proportionally less than Transient Lodging, with a 35 percent decline; this equates to \$8.8 million in lost revenue.

The recently approved American Recovery Plan Act (ARPA) provides some provisions for revenue

replacement. At this time, localities have not been given guidelines for how revenue loss can be calculated, including comparisons can be used to calculate the loss. City staff will continue to work with various advocacy organizations which are working with the U.S. Treasury staff to seek guidelines that allow quantification of the revenue loss for localities including a recognition that projected revenue growth was lost.

## **EXPENDITURES**

As of February 28, 2021, General Fund expenditures totaled \$457.2 million, an increase of \$28.9 million or 6.7 percent compared to the same period for FY 2020. Bond proceeds are transferred to an escrow agent and shown as an expenditure in FY 2021. Without this variance, General Fund expenditures total \$407.5 million, which is a decrease of \$20.7 million or 4.8 percent. Expenditures for most City departments are consistent with spending over the same period last fiscal year. Transit subsidies are less than budgeted due to WMATA's use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. Some departments that are not showing a year over year savings receive their funds on a quarterly basis (Health Department, Alexandria Economic Development Partnership). With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred have been reimbursed to the City by State and other grants.

For comparison purposes, a preliminary comprehensive expenditure projection has been included with this report. The fiscal year is nearly 75 percent complete and forecasts are based on current information about departmental operations through the end of the year. Including the funds associated with the bond proceeds and previously planned use of fund balance, projected general fund revenues (excluding budget fund balance) of \$787.7 million, compares favorably to projected expenditures of \$787.3 million. The City's selective hiring freeze significantly contributed to this fiscal outcome. Several departments are projected to exceed their budgets by very small amounts primarily related to COVID related costs. The Supplemental Appropriation Ordinance in June will include a section of interdepartmental transfers, in which surplus resources from some mostly smaller departments will be transferred to other departments that experienced unbudgeted expenses or whose vacancies were not sufficient to cover the assumed turnover savings that was included in the FY 2021 Approved Budget.

In summary while General Fund revenues are projected to fall about \$7 million short of the budgeted revenue amount, General Fund expenditures which are running below budget are currently projected to cover the projected revenue shortfall without the need to draw upon the General Fund balance as initially budgeted.

## **ATTACHMENTS:**

- Attachment 1: Comparative Statement of General Fund Revenues
- Attachment 2: Comparative Statement of General Fund Expenditures
- Attachment 3: Comparison of Consumer Spending Categories

## **STAFF:**

Laura Triggs, Deputy City Manager  
Kendel Taylor, Director, Finance Department  
Morgan Routt, Director, Office and Management and Budget  
Mayuri Middough, Division Chief of Administration



CITY OF ALEXANDRIA, VIRGINIA  
COMPARATIVE STATEMENT OF REVENUES  
GENERAL FUND  
FOR THE PERIODS ENDING FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

	B	C.1	C	D=C/B	E	F	G=F/E
	FY 2021	FY 2021	FY2021		FY 2020	FY2020	
	APPROVED	PROJECTED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	REVENUES	THRU 2/28/2021	OF BUDGET	BUDGET	THRU 2/29/2020	OF TOTAL
<b>General Property Taxes</b>							
Real Property Taxes.....	\$ 477,554,000	476,885,773	\$ 235,457,812	49.3%	\$ 462,848,143	\$ 224,975,048	48.6%
Personal Property Taxes.....	55,213,000	53,001,000	49,384,849	89.4%	56,926,910	52,926,488	93.0%
Penalties and Interest.....	2,808,000	2,600,000	1,206,102	43.0%	2,708,000	1,657,625	61.2%
Total General Property Taxes	\$ 535,575,000	\$ 532,486,773	\$ 286,048,763	53.4%	\$ 522,483,053	\$ 279,559,161	53.5%
<b>Other Local Taxes</b>							
Local Sales and Use Taxes.....	\$ 26,194,000	30,800,000	\$ 16,066,365	61.3%	\$ 28,800,000	\$ 15,964,428	55.4%
Consumer Utility Taxes.....	12,700,000	12,052,000	6,386,847	50.3%	12,000,000	6,325,903	52.7%
Communication Sales and Use Taxes.....	8,275,000	8,420,000	5,479,515	66.2%	9,200,000	4,516,880	49.1%
Business License Taxes.....	22,000,000	29,469,000	20,760,460	94.4%	34,378,000	21,243,762	61.8%
Transient Lodging Taxes.....	10,833,000	4,500,000	2,443,239	22.6%	12,800,000	6,966,061	54.4%
Restaurant Meals Tax.....	20,500,000	17,400,000	11,790,173	57.5%	24,231,000	14,599,336	60.3%
Tobacco Taxes.....	2,600,000	2,060,000	1,255,457	48.3%	2,600,000	1,396,835	53.7%
Real Estate Recordation.....	5,900,000	8,645,000	5,831,780	98.8%	6,000,000	4,706,184	78.4%
Admissions Tax.....	500,000	54,000	46,588	9.3%	670,000	389,579	58.1%
Other Local Taxes.....	5,109,090	4,310,000	(86,630)	-1.7%	4,809,090	475,198	9.9%
Total Other Local Taxes	\$ 114,611,090	\$ 117,710,000	\$ 69,973,795	61.1%	\$ 135,488,090	\$ 76,584,166	56.5%
<b>Intergovernmental Revenues</b>							
Revenue from the Fed. Government.....	\$ 10,109,303	8,230,000	\$ 4,959,539	49.1%	\$ 10,397,000	\$ 5,060,694	48.7%
Personal Property Tax Relief from						-	
the Commonwealth.....	23,578,531	23,578,531	23,106,960	98.0%	23,578,531	23,106,960	98.0%
Revenue from the Commonwealth.....	23,741,866	24,236,040	12,679,956	53.4%	23,621,515	14,331,683	60.7%
Total Intergovernmental Revenues	\$ 57,429,700	\$ 56,044,571	\$ 40,746,456	71.0%	\$ 57,597,046	\$ 42,499,337	73.8%
<b>Other Governmental Revenues And Transfers In</b>							
Fines and Forfeitures.....	\$ 3,502,615	3,630,000	\$ 1,968,342	56.2%	4,930,450	\$ 2,969,505	60.2%
Licenses and Permits.....	2,339,631	3,569,600	3,536,982	151.2%	2,615,350	965,366	36.9%
Charges for City Services.....	14,308,344	9,742,684	5,417,734	37.9%	15,790,462	12,961,312	82.1%
Revenue from Use of Money & Prop.....	5,498,250	3,868,080	2,389,590	43.5%	11,406,650	6,303,511	55.3%
Other Revenue.....	2,067,866	1,474,266	1,025,943	49.6%	2,591,285	1,515,136	58.5%
Transfer from Other Funds.....	9,246,427	9,246,427	4,416,124	47.8%	9,291,882	4,283,941	46.1%
Total Other Governmental Revenues	\$ 36,963,133	\$ 31,531,057	\$ 18,754,715	50.7%	\$ 46,626,079	\$ 28,998,772	62.2%
<b>TOTAL REVENUE</b>	\$ 744,578,923	\$ 737,772,401	\$ 415,523,728	55.8%	\$ 762,194,268	\$ 427,641,436	56.1%
Appropriated Fund Balance							-
General Fund.....	\$ 12,687,493	\$ -	\$ -	\$ -	\$ 12,177,631	\$ -	-
Appropriated refunding bond proceeds	\$ -	\$ 49,887,196	\$ 49,887,196				
Encumbrances And Other			-	-	4,187,534	-	-
Supplemental Appropriations....	4,421,977		-	-		-	-
<b>TOTAL</b>	\$ 761,688,393	\$ 787,659,597	\$ 465,410,925	61.1%	\$ 778,559,433	\$ 427,641,436	54.9%

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION							
GENERAL FUND							
FOR THE PERIODS ENDING FEBRUARY 28, 2021 AND FEBRUARY 29, 2020							
	B	C.1	C	D=C/B	E	F	G=F/E
	FY 2021	FY 2021	FY2021	%	FY 2020	FY2020	%
	REVISED	PROJECTED	EXPENDITURES	OF BUDGET	APPROVED	EXPENDITURES	OF BUDGET
FUNCTION	BUDGET	EXPENDITURES	THRU 2/28/2021	EXPENDED	BUDGET	THRU 2/29/2020	EXPENDED
Legislative & Executive.....	\$ 3,577,587	\$ 3,500,000	\$ 2,166,166	60.5%	\$ 3,495,055	\$ 2,117,099	60.6%
Judicial Administration.....	\$ 45,687,423	\$ 45,701,000	\$ 28,102,375	61.5%	\$ 46,034,341	\$ 29,425,838	63.9%
Staff Agencies							
Communications.....	\$ 1,567,258	\$ 1,300,000	\$ 814,673	52.0%	\$ 1,544,294	\$ 858,842	55.6%
Human Rights.....	939,907	940,000	\$ 589,042	62.7%	905,798	597,133	65.9%
Information Technology Services.....	13,118,675	13,000,000	\$ 8,216,043	62.6%	12,123,957	8,102,074	66.8%
Management & Budget.....	1,274,629	1,200,000	\$ 741,124	58.1%	1,364,181	883,089	64.7%
Finance.....	12,853,748	12,300,000	\$ 7,438,160	57.9%	13,555,967	7,797,005	57.5%
Performance and Accountability.....	509,772	560,000	\$ 339,648	66.6%	535,509	358,197	66.9%
Internal Audit.....	412,464	360,000	\$ 229,586	55.7%	442,002	154,473	34.9%
Human Resources.....	4,158,277	4,100,000	\$ 2,661,678	64.0%	4,689,778	2,685,020	57.3%
Planning & Zoning.....	5,937,014	5,850,000	\$ 3,602,854	60.7%	6,390,022	3,768,142	59.0%
Economic Development Activities.....	7,123,390	7,100,000	\$ 5,182,640	72.8%	7,131,946	4,749,782	66.6%
City Attorney.....	3,751,516	3,300,000	\$ 2,010,629	53.6%	3,882,658	2,690,899	69.3%
Registrar.....	1,468,351	1,400,000	\$ 899,514	61.3%	1,335,329	765,923	57.4%
Organizational Excellence	169,548	185,000	\$ 132,173	78.0%	150,446	423	0.3%
General Services.....	11,531,122	10,500,000	\$ 5,896,298	51.1%	12,061,895	7,066,972	58.6%
Total Staff Agencies	\$ 64,815,671	\$ 62,095,000	\$ 38,754,062	59.8%	\$ 66,113,782	\$ 40,477,974	61.2%
Operating Agencies							
Transportation & Environmental Services.....	\$ 24,052,240	\$ 22,200,000	\$ 13,209,535	54.9%	\$ 24,385,394	\$ 13,754,495	56.4%
Project Implementation.....	-	-	25	0.0%	-	-	-
Fire.....	52,442,480	51,300,000	32,238,844	61.5%	55,307,491	34,354,947	62.1%
Police.....	62,515,668	59,000,000	38,192,894	61.1%	67,140,443	41,522,123	61.8%
Emergency Communications.....	8,743,235	8,300,000	5,233,436	59.9%	8,498,862	5,145,101	60.5%
Code.....	24,000	13,200	3,143	13.1%	33,060	4,099	12.4%
Transit Subsidies.....	18,138,079	12,100,000	712,216	3.9%	21,760,499	16,140,017	74.2%
Housing.....	1,807,163	1,300,000	1,246,664	69.0%	1,909,924	1,198,370	62.7%
Community and Human Services.....	14,850,323	14,850,000	9,295,041	62.6%	14,574,157	9,238,805	63.4%
Health.....	9,130,362	8,900,000	6,250,392	68.5%	8,363,542	5,847,790	69.9%
Historic Resources.....	3,566,620	3,600,000	2,200,267	61.7%	3,601,582	2,113,109	58.7%
Recreation.....	23,236,276	22,300,000	12,781,351	55.0%	24,038,373	14,915,710	62.0%
Total Operating Agencies	\$ 218,506,446	\$ 203,863,200	\$ 121,363,809	55.5%	\$ 229,613,327	\$ 144,234,566	62.8%
Education							
Schools.....	\$ 234,037,296	\$ 234,037,296	\$ 117,018,648	50.0%	\$ 231,669,496	\$ 115,834,748	50.0%
Other Educational Activities.....	16,009	16,009	12,007	75.0%	16,128	8,064	50.0%
Total Education	\$ 234,053,305	\$ 234,053,305	\$ 117,030,655	50.0%	\$ 231,685,624	\$ 115,842,812	50.0%
Capital, Debt Service and Miscellaneous							
Debt Service - City.....	\$ 37,288,071	\$ 36,267,430	\$ 30,898,191	82.9%	\$ 35,530,695	\$ 25,987,524	73.1%
Debt Service - Schools.....	\$ 28,578,698	\$ 28,578,698	\$ 23,681,303	82.9%	\$ 28,112,251	\$ 19,943,052	70.9%
Expenses on Refunding Bonds.....	-	49,618,630	49,618,630	-	-	-	-
Non-Departmental.....	\$ 9,692,339	\$ 8,600,000	7,938,615	81.9%	9,795,496	7,276,264	74.3%
General Cash Capital.....	\$ 27,338,144	\$ 27,338,144	12,795,520	46.8%	43,180,142	21,590,071	50.0%
Contingent Reserves.....	4,268,703	600,000		0.0%	749,170	-	-
Total Capital, Debt Service and Miscellaneous	\$ 107,165,955	\$ 151,002,902	\$ 124,932,259	116.6%	\$ 117,367,754	\$ 74,796,911	63.7%
TOTAL EXPENDITURES	\$ 673,806,387	\$ 700,215,407	\$ 432,349,325	64.2%	\$ 694,309,883	\$ 406,895,200	58.6%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)...	\$ 55,736,959	\$ 55,000,000	\$ 7,406,547	13.3%	\$ 52,973,303	\$ 6,403,130	12.1%
Transfer to Housing.....	4,717,217	4,700,000	2,358,609	50.0%	8,867,775	2,697,288	30.4%
Transfer to Library.....	7,176,355	7,100,000	144,782	2.0%	7,115,682	49,851	0.7%
Transfer to DASH.....	20,251,474	20,250,000	14,901,090	73.6%	15,292,278	12,235,608	80.0%
TOTAL EXPENDITURES & TRANSFERS	\$ 761,688,393	\$ 787,265,407	\$ 457,160,353	60.0%	\$ 778,558,921	\$ 428,281,076	55.0%
Total Expenditures by Category							
Salaries and Benefits.....	\$ 227,712,075	\$ 222,682,115	\$ 142,271,161	62.5%	\$ 233,736,722	\$ 145,058,046	62.1%
Non Personnel (includes all school funds) .....	533,976,318	563,583,292	\$ 314,889,192	59.0%	\$ 544,822,199	283,223,030	52.0%
Total Expenditures	\$ 761,688,393	\$ 786,265,407	\$ 457,160,353	60.0%	\$ 778,558,921	\$ 428,281,076	55.0%

Cumulative Impact on Consumer Spending					
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Dec	Sales	\$28,267,735	\$27,663,379	(\$604,356)	-2.1%
Feb-Jan	Meals Sales	\$25,416,918	\$16,505,766	(\$8,911,152)	-35.1%
Feb-Jan	Transient Lodging	\$13,238,202	\$4,284,437	(\$8,953,765)	-67.6%
Feb-Jan	Admissions	\$620,874	\$96,322	(\$524,552)	-84.5%
Feb-Jan	Recordation	\$7,350,101	\$8,270,154	\$920,053	12.5%
	Cumulative	\$74,893,830	\$56,820,058	(\$18,073,772)	-24.1%
Year over Year Comparison					
	Tax Revenue	CY2019	CY2020	Change	% Change
December	Sales	\$2,987,008	\$3,104,760	\$117,752	3.9%
January	Meals Sales	\$1,935,270	\$1,451,037	(\$484,233)	-25.0%
January	Transient Lodging	\$643,739	\$446,748	(\$196,991)	-30.6%
January	Admissions	\$58,214	\$7,774	(\$50,440)	-86.6%
January	Recordation	\$710,862	\$586,677	(\$124,185)	-17.5%
Comparison to Average Collection					
	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
December	Sales	\$2,987,008	\$3,104,760	\$2,398,919	\$2,690,984
January	Meals Sales	\$1,935,270	\$1,451,037	\$2,048,329	\$1,534,400
January	Transient Lodging	\$643,739	\$446,748	\$1,071,347	\$619,669
January	Admissions	\$58,214	\$7,774	\$52,372	\$61,202
January	Recordation	\$710,862	\$586,677	\$493,073	\$480,811

